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SUBJECT: ADM FALLOON AND GENERAL LIANG AGREE ON NEED FOR BETTER TIES, DISAGREE ON TAIWAN

Classified By: Charge d'Affaires David Sedney. Reasons: 1.4 b/d.

¶11. (C) SUMMARY: Admiral Fallon and General Liang agreed on the need to improve bilateral mil-mil ties, but stated frank disagreements regarding the transparency of the Chinese military budget and the use of force to resolve the Taiwan question, during a cordial meeting September 6. Liang acknowledged the assistance of the American people during World War II, but hopes the United States will contribute to reunification, not sell more weapons to Taiwan. The Admiral said the Taiwan question should be resolved through dialogue, not by military means. He invited the General to Hawaii to participate in a regional Chiefs of Defense staff conference.

End summary.

¶12. (C) SUMMARY. United States Pacific Command chief Chief Admiral William Fallon paid a courtesy call on General Liang Guanglie, Chief of the PLA General Staff, on September 6 at the Ministry of National Defense, Beijing. The meeting was frank and cordial and both sides presented their wishesexpressed a desire for increased military ties exchanges to advance this field to the level of successful political and economic dialogues; and to strengthen cooperation to prepare for responding to natural disasters such as the Asian tsunami and typhoons. END SUMMARY.

¶13. (C) General Liang expressed his appreciation for the opportunity to build a personal relationship the opportunity for building personal contact with Admiral Fallon and noted PACOM's "close" relationship with the Guangzhou and Nanjing military region commands. The U.S.United States and China share a "common understanding of international and regional issues," he said, and cooperating cooperate on antiterrorism and on the North Korea nuclear issue.

¶13. (C) Liang commented on the. Recalling the recent 60th anniversary celebrations of the end of WWII, noting that U.S. veterans participated who had supported China during the war; Liang noted that China "received great help from them and the American people, which we will never forget."

Momentum for cooperation

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¶14. (C) Liang characterized military-to-military (mil-mil) ties as an "important part" of the overall bilateral relationship; it is not possible to have a constructive, cooperative relationship without good mil-mil ties,. in his view. Thanks to the "care and attention of the two heads of state," Liang continued, the two armed forces have a good momentum for cooperation. Such The improving mil-mil contacts arerelationship is demonstrated by senior political visits, by "cooperation in the intelligence field against terrorism," visits with between senior military region commanders and ship calls.

Sharing Ccandid views on defense budgets and Taiwan

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¶15. (C) To be frank, continued Liang, "we have a lot of work to do to be sure our mil-mil relationship matches the level of our political relationship." . Liang suggested that "on the basis we already have," to expand cooperation into more

fields, and ensure such cooperation develops well.

¶ 16. (S) Liang went on to "take this opportunity" to share his views in "a candid manner." First, said Liang, He suggested that "we suggest the American side exercise caution when considering upgradingregarding relations with Taiwan" and increasing increased arms sales. Regarding Taiwan, Tthe "immediate threat to both (U.S. and Chinese) sides is the Taiwan independence question," which both sides oppose. Liang hoped hopes the American side would will contribute to the future reunification of both sides of the the mainland and Taiwan Strait. He insisted that "we will never tolerate splitting Taiwan from the mainland in any manner."

¶ 16. (C) Liang acknowledged that the perceived second question, Liang opined, is the very fast growth of "military power of the mainland ."is also an issue. It is said, he claimed, Some say that the mainland's military power surpasses Taiwan, "but that is not my view." Liang characterized the development of China's military power as "moderate" compared to its economic development, and highlighted China's interests in defending against traditional and non-traditional threats and the need to maintain territorial integrity. The PLA was is "somewhat backward; it is a mechanized force, but not yet informationalized" as a modern force.

¶ 17. (C) The A third point to raisearea of contention, continued Liang, is to explainthe size of the Chinese defense budget. He quoted a 2004 budget figure of "240 billion RMB, or less than 30 billion dollars;." most Most of the increased spending, he proclaimed, is to improve the living conditions of soldiers and officers, and base infrastructure; "if we spent some on, with limited expenditures on weapons, it was limited." Even if China were to became become stronger, he concluded, it would "never be a hegemon or a threat to others."

#### A responsibility to work together

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¶ 18. (C) Admiral Fallon thanked Liang for the "generosity of the Chinese people" in offering help to the Gulf Coast states while they themselves faced a similar storm in Anhui province. Expanding upon these events, Adm Fallon offered that These natural disasters "give us responsibilityboth sides the opportunity to work together to prepare for such eventualities in the future." The potential for such cooperation was demonstrated during As many nations learned in the Asian tsunami disaster, "strengthening cooperation, sharing capabilities and resources " are useful in dealing with such situations. This might offer an opportunity to "expand mil-mil cooperation in an area that is not threatening; Eexpanding our mil-mil ties in such a non-threatening was would be perceived well received by all in the region as useful."

¶ 19. (C) Admiral Fallon stated he "agreed that while our two countries the United States and China have greatly expanded political and economic dialogue, we have much to do in the mil-mil area." While there is in the U.S. concern aboutWith regard to China's defense budget, some steps "could be taken to alleviate these concerns- expanding mil-mil contacts and working more closely together will developwould develop confidence and improve more transparency."

¶ 111. (S) Adm Fallon invited Liang to Hawaii in October to participate in an annual Pacific region Chiefs of Defense staff conference hosted by PACOM.

¶ 110. (C) On the question of Taiwan, said Admiral Fallon, said the U.S.United States advocates no change in the existing status quo, and does not push promote independence. However, the Taiwan issues should be resolved in a long-term, peaceful manner, ; and political dialogue is the appropriate venue, not military means. Liang returned to the issue by remarking that the U.S. position is "in the main part" consistent with PRC views; however, "we will never tolerate splitting Taiwan from the mainland in any form." To gain a

fuller understanding of China's size and diversity, suggested Liang, Adm Fallon's next visit should cover the central and western regions.

¶11. (C) Admiral Fallon invited Liang to Hawaii in October to participate in an annual Pacific region Chiefs of Defense staff conference hosted by PACOM.

¶13. (S) Comment. Both parties to the meeting expressed their desire for increased mil-mil exchanges; on the Chinese side to deepen the political and economic relationship to account for lagging military cooperation, and on the U.S. side to prepare for cooperative responses to natural disasters in the region. Although Adm Fallon and Liang did not discuss in detail the increased exchanges which both proposed, PACOM raised possible disaster-readiness as a specific goal for increased military exchanges. Possible bilateral and cooperative response to a regional humanitarian crisis may be a topic to explore at the staff and map-exercise level as an initial step in building joint readiness. End comment.

SEDNEY